



June 29, 2012

To: Executive Board

Subject: **Fiscal Year 2012 Management Contractor Incentive Payment**

Recommendation

Consider authorizing an incentive payment in an appropriate amount to Veolia Transportation for their efforts on behalf of Foothill Transit during Fiscal Year 2012.

Analysis

Section 4.1 of the management services agreement between Foothill Transit and Veolia provides for the payment of an extraordinary performance bonus of up to \$100,000 annually. This amount shall be paid at the sole discretion of the Executive Board and shall not be added to the base compensation of Veolia Transportation for the ongoing management services that Veolia Transportation provides.

Attached is correspondence from Mr. Ken Westbrook, Chief Operating Officer for Veolia Transportation, which outlines the work that Veolia Transportation performed for Foothill Transit which might warrant consideration of such a bonus or incentive payment (Attachment A). Specifically, Mr. Westbrook notes the achievement of seven of Foothill Transit's nine key indicators along with several key projects that team has advanced.

Please note that Mr. Westbrook indicates in his letter that any incentive payment would be focused on enhancing programs for the Veolia Transportation employees assigned to serve Foothill Transit.

Budget Impact

Funding is available in the Fiscal Year 2012 operating budget for this incentive payment.

Sincerely,

Darold Pieper
Legal Counsel

Attachment A



June 12, 2012

Patricia Wallach, Chair
Foothill Transit
100 S. Vincent Ave., Suite 200
West Covina, CA 91790

Re: Fiscal Year 2012 Incentive Payment

Dear Chair Wallach:

The management services agreement between Foothill Transit and Veolia Transportation includes the opportunity for an incentive payment. This payment may be awarded at the sole discretion of the Executive Board in an amount up to \$100,000. The purpose of this letter is to seek your consideration of award of this incentive payment for fiscal year 2012.

Foothill Transit's key performance indicators provide a solid overview of the performance of the organization. We are pleased to report that for fiscal year 2012, Foothill Transit is well on track to achieve seven of nine key performance indicators. The achievement of the key performance indicators is a measurable method of determining the accomplishment of the organization's mission. Overall, our team has collectively worked very hard to accomplish these results on behalf of Foothill Transit.

The two performance indicators that were not achieved were schedule adherence and customer comments. While schedule adherence does not yet meet the target of 90 percent, we are anticipating a three percent improvement over fiscal year 2011, with a final result at 85 percent. In the area of customer comments we failed to meet the fiscal year 2012 target, but would meet the fiscal year 2013 target. Please note that we have cross-functional teams working on both of these key areas.

Fiscal year 2012 has been another exciting year for the Foothill Transit management team and Veolia Transportation is pleased to have contributed to its success. Just a few of the notable projects that we have managed on behalf of the agency include:

- Procurement of both operating contracts.
- Preparation of a balanced budget with no fare increases or service reductions for fiscal year 2013.
- Advancing the various Park & Ride projects including moving the Industry Park & Ride project toward construction.
- Development of the Silver Streak/Silver Line coordination plan.
- Positioning Foothill Transit as a leader in the area of sustainability.

Patricia Wallach
June 12, 2012
Page 2

In light of these accomplishments, we respectfully request your consideration of a one-time incentive payment that is appropriate given our level of effort and accomplishment. If approved by the Executive Board, Veolia Transportation will use any funds provided to enhance programs for our employees assigned to the Foothill Transit contract and recognize their efforts.

Thank you for your consideration and for the opportunity to serve Foothill Transit. If you have any questions regarding this request, please do not hesitate to contact me at 630-382-1120.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ken Westbrook', with a long horizontal flourish extending to the right.

Kenneth P. Westbrook
President and Chief Operating Officer
Veolia Transportation Services, Inc.

cc: D. Pieper
D. Barnes
K. Ooms